

**GIRL SCOUTS LOUISIANA EAST, INC.**

Audit of Financial Statements

December 31, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

3/23/11

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## **Independent Auditor's Report**

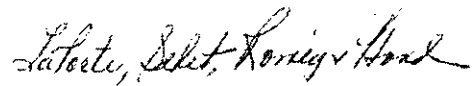
To the Board of Directors  
Girl Scouts Louisiana East, Inc.

We have audited the accompanying statement of financial position of the Girl Scouts Louisiana East, Inc. (the Council) (a nonprofit organization) as of December 31, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Girl Scouts Louisiana East, Inc. as of December 31, 2010, and its changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2011, on our consideration of Girl Scouts Louisiana East, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



A Professional Accounting Corporation

February 27, 2011

**GIRL SCOUTS LOUISIANA EAST, INC.**  
**Statement of Financial Position**  
**December 31, 2010**

<b>Assets</b>	
Cash and Cash Equivalents	\$ 1,381,676
United Way Receivable	92,000
Accounts Receivable	2,214
Unconditional Promises to Give, Net	66,772
Investments	480,712
Investments, Restricted	28,737
Inventory	124,261
Prepaid Expenses	9,217
Land, Buildings and Equipment, Net	<u>2,390,271</u>
<b>Total Assets</b>	<b><u>\$ 4,575,860</u></b>
 <b>Liabilities and Net Assets</b>	
<b>Liabilities</b>	
Accounts Payable	\$ 54,772
Due to Girl Scouts USA	4,468
Accrued Expenses and Other Liabilities	<u>30,017</u>
<b>Total Liabilities</b>	<b><u>89,257</u></b>
 <b>Net Assets</b>	
Unrestricted	4,296,061
Temporarily Restricted	161,805
Permanently Restricted	<u>28,737</u>
<b>Total Net Assets</b>	<b><u>4,486,603</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 4,575,860</u></b>

The accompanying notes are an integral part of these financial statements.

**GIRL SCOUTS LOUISIANA EAST, INC.**  
**Statement of Activities**  
**For the Year Ended December 31, 2010**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Public Support and Revenue</b>				
<b>Public Support</b>				
Annual Giving	\$ 110,795	\$ 157,235	\$ -	\$ 268,030
United Way	-	208,732	-	208,732
<b>Total Public Support</b>	<u>110,795</u>	<u>365,967</u>	<u>-</u>	<u>476,762</u>
<b>Revenue</b>				
<b>Sales of Cookies</b>				
Gross Revenue	3,664,023	-	-	3,664,023
Cost of Cookies	(896,368)	-	-	(896,368)
Troop Bonuses	(498,151)	-	-	(498,151)
<b>Net Sales of Cookies</b>	<u>2,269,504</u>	<u>-</u>	<u>-</u>	<u>2,269,504</u>
<b>Program Service Fees</b>	<u>353,832</u>	<u>-</u>	<u>-</u>	<u>353,832</u>
<b>Sales of Fall Products</b>				
Gross Revenue	292,465	-	-	292,465
Cost of Product	(119,260)	-	-	(119,260)
Troop Bonuses	(52,628)	-	-	(52,628)
<b>Net Sales of Fall Products</b>	<u>120,577</u>	<u>-</u>	<u>-</u>	<u>120,577</u>
<b>Sales of Uniforms and Insignias</b>				
Gross Revenue	294,015	-	-	294,015
Cost of Goods Sold	(190,680)	-	-	(190,680)
<b>Net Sales of Uniforms and Insignias</b>	<u>103,335</u>	<u>-</u>	<u>-</u>	<u>103,335</u>
<b>Other Revenue</b>				
Investment Return, Net	49,336	-	-	49,336
Gifts In Kind	12,778	-	-	12,778
Miscellaneous Income	12,267	-	-	12,267
<b>Total Other Revenue</b>	<u>74,381</u>	<u>-</u>	<u>-</u>	<u>74,381</u>
<b>Total Revenue</b>	<u>3,032,424</u>	<u>365,967</u>	<u>-</u>	<u>3,398,391</u>
<b>Net Assets Released from Restrictions</b>	<u>398,213</u>	<u>(398,213)</u>	<u>-</u>	<u>-</u>
<b>Total Public Support and Revenue</b>	<u>3,430,637</u>	<u>(32,246)</u>	<u>-</u>	<u>3,398,391</u>
<b>Expenses</b>				
<b>Program Services</b>	<u>2,749,754</u>	<u>-</u>	<u>-</u>	<u>2,749,754</u>
<b>Supporting Services</b>				
Management and General	644,217	-	-	644,217
Fundraising	122,921	-	-	122,921
<b>Total Supporting Services</b>	<u>767,138</u>	<u>-</u>	<u>-</u>	<u>767,138</u>
<b>Total Expenses</b>	<u>3,516,892</u>	<u>-</u>	<u>-</u>	<u>3,516,892</u>
<b>Decrease in Net Assets</b>	<u>(86,255)</u>	<u>(32,246)</u>	<u>-</u>	<u>(118,501)</u>
<b>Net Assets, Beginning of Year</b>	<u>4,382,316</u>	<u>194,051</u>	<u>28,737</u>	<u>4,605,104</u>
<b>Net Assets, End of Year</b>	<u>\$ 4,296,061</u>	<u>\$ 161,805</u>	<u>\$ 28,737</u>	<u>\$ 4,486,603</u>

The accompanying notes are an integral part of these financial statements.

**GIRL SCOUTS LOUISIANA EAST, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2010**

	<u>Supporting Services</u>			
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total Expenses</b>
<b>Salaries and Related Expenses</b>				
Salaries	\$ 1,456,931	\$ 293,008	\$ 71,048	\$ 1,820,987
Benefits	284,205	57,157	13,859	355,221
Payroll Taxes	105,108	21,139	5,126	131,373
<b>Total Salaries and Related Expenses</b>	<b>1,846,244</b>	<b>371,304</b>	<b>90,033</b>	<b>2,307,581</b>
<b>Expenses Before Depreciation</b>				
Supplies	264,688	27,196	13,104	304,988
Occupancy	232,618	67,477	-	300,095
Professional Fees	49,025	20,994	-	70,019
Rental and Maintenance of Equipment	8,228	57,140	1,128	66,496
Travel	61,052	2,160	1,717	64,929
Telephone	9,151	51,429	-	60,580
Printing and Publications	45,190	1,745	7,662	54,597
Miscellaneous	36,269	650	353	37,272
Specific Assistance to Individual Girls	36,116	-	-	36,116
Postage and Shipping	16,540	8,489	790	25,819
Conferences, Conventions and Meetings	10,861	9,053	95	20,009
Bad Debt Expense on Cookie Sales	2,112	-	-	2,112
Bad Debt Expense on Pledges	-	-	1,619	1,619
Taxes and Licenses	-	101	-	101
<b>Total Expenses Before Depreciation</b>	<b>2,618,094</b>	<b>617,738</b>	<b>116,501</b>	<b>3,352,333</b>
Depreciation Expense	131,660	26,479	6,420	164,559
<b>Total Expenses</b>	<b>\$ 2,749,754</b>	<b>\$ 644,217</b>	<b>\$ 122,921</b>	<b>\$ 3,516,892</b>

The accompanying notes are an integral part of these financial statements.

**GIRL SCOUTS LOUISIANA EAST, INC.**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2010**

<b>Cash Flows from Operating Activities</b>	
Decrease in Net Assets	\$ (118,501)
Adjustments to Reconcile Decrease in Net Assets to Net Cash provided by Operating Activities	
Depreciation	164,559
Unrealized Gains	(22,723)
(Increase) Decrease in Assets	
Accounts Receivable	13,230
United Way Receivable	14,533
Unconditional Promises to Give, Net	(13,917)
Inventory	67,792
Prepaid Expenses	213
Increase (Decrease) in Liabilities	
Accounts Payable	(920)
Deferred Revenue	(11,443)
Due to Girl Scouts USA	(37,201)
Accrued Expenses and Other Liabilities	(18,280)
<b>Net Cash Provided by Operating Activities</b>	<u>37,342</u>
<b>Cash Flows from Investing Activities</b>	
Purchase of Equipment	(80,171)
Purchase of Investments	(19,982)
Proceeds from Sales of Investments	216,018
<b>Net Cash Provided by Investing Activities</b>	<u>115,865</u>
<b>Increase in Cash and Cash Equivalents</b>	153,207
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>1,228,469</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 1,381,676</u>

The accompanying notes are an integral part of these financial statements.



## **GIRL SCOUTS LOUISIANA EAST, INC.**

### **Notes to Financial Statements**

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#### **Note 1. Summary of Significant Accounting Policies**

##### **Organization**

The Girl Scouts Louisiana East, Inc. (the Council) is chartered by the Girl Scouts of the U.S.A., a nonprofit organization. It is an educational program for girls and its mission is: Girl Scouting builds girls of courage, confidence and character who make the world a better place. The Council obtains most of its revenues from the sales of cookies and public support.

##### **Basis of Accounting**

The financial statements of the Council have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

##### **Basis of Presentation**

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic, *Financial Statements of Not-for-Profit Organizations*. In accordance with this guidance, the Council is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, unrestricted net assets and permanently restricted net assets.

##### **Contributions**

The Council follows FASB ASC Topic, *Accounting for Contributions Received and Contributions Made*. Under this guidance, contributions are recorded as restricted if they are received with donor stipulations that limit the use of the donation.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted assets are classified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as temporarily restricted and as net assets released from restriction in the same reporting period.

The Council uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

##### **Donated Services**

Donated services are recognized as contributions in accordance with FASB ASC Topic, *Accounting for Contributions Received and Contributions Made* if the services: (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Council. The members of the Board of Directors serve without compensation.

## **GIRL SCOUTS LOUISIANA EAST, INC.**

### **Notes to Financial Statements**

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#### **Note 1. Summary of Significant Accounting Policies (Continued)**

##### **Donated Services (Continued)**

Contributions of services totaling \$12,778 were received during the year and recognized as Gifts In Kind on the Statement of Activities.

##### **Promises to Give**

Unconditional promises to give are recognized as revenues or gains in the period the promise is made and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. As promises to give are determined to be uncollectible, they are charged against the allowance for doubtful accounts.

##### **Income Taxes**

The Council is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

##### **Cash and Cash Equivalents**

For the purpose of the Statement of Cash Flows, the Council considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

##### **Inventory**

Inventory is stated at lower of cost or market value, using the first-in, first-out method. The inventory consists mainly of Girl Scout uniforms and related attire, badges and various supplies and trinkets.

##### **Land, Buildings and Equipment**

Land, buildings and equipment are recorded at cost. Donated land, buildings and equipment are recorded at their estimated fair market value at the date of donation. The Council capitalizes all expenditures for fixed assets in excess of \$5,000. Depreciation is recorded on the straight-line method based on the estimated useful lives of the respective assets ranging from one to forty years. Expenditures for repairs and maintenance are charged to expense as incurred.

##### **Investments**

Investments are maintained by the Council to fund long-term strategic initiatives. These investments consist of mutual funds carried at estimated current market values of the securities in accordance with the FASB ASC Topic, *Accounting for Certain Investments Held by Not-for-Profit Organizations*, which is managed by a registered investment advisor. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

## **GIRL SCOUTS LOUISIANA EAST, INC.**

### **Notes to Financial Statements**

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#### **Note 1. Summary of Significant Accounting Policies (Continued)**

##### **Expense Allocation**

The costs of providing programs and supporting services have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

##### **Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

#### **Note 2. Cash and Cash Equivalents**

Cash includes \$400,041 of repurchase agreements at December 31, 2010, which were due on January 3, 2011. The repurchase agreements are secured by U.S. Treasury obligations.

#### **Note 3. United Way Receivable**

The following is a summary of allocations, designations and grants receivable from various United Way Chapters as of December 31, 2010:

Capital Area United Way Allocations	\$	72,000
United Way of St. Charles Parish Allocations		17,500
United Way of Tangipahoa Parish Allocations		<u>2,500</u>
<b>Total United Way Receivable</b>	<b>\$</b>	<b><u>92,000</u></b>

#### **Note 4. Unconditional Promises to Give**

During 2010, the Council held fundraising events at which cash and unconditional promises to give were received. The fair value of contributions is equal to the carrying value for contributions expected to be collected within one year. The promises to give are reported as unrestricted and temporarily restricted at their present value using discount rates ranging from 0.29% to 2.71%.

## GIRL SCOUTS LOUISIANA EAST, INC.

### Notes to Financial Statements

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#### Note 4. Unconditional Promises to Give (Continued)

Unconditional promises to give at December 31, 2010 are as follows:

Amounts Due in Less Than One Year	\$	48,295
Amounts Due in One to Five Years		26,195
Amounts Due in More than Five Years		<u>3,000</u>
Total Unconditional Promises to Give		77,490
Less: Discounts to Net Present Value		(1,718)
Less: Allowance for Uncollectible Pledges		<u>(9,000)</u>
Net Unconditional Promises to Give	\$	<u>66,772</u>

#### Note 5. Investments

Investments at December 31, 2010 were stated at fair value and consist of the following:

<b>Investments, Unrestricted</b>	
Mutual Funds	\$ 480,712
<b>Investments, Restricted</b>	
Certificate of Deposit	<u>28,737</u>
<b>Total Investments</b>	<u>\$ 509,449</u>

The following schedule summarizes the investment return in the Statement of Activities for the year ended December 31, 2010:

Interest and Dividends	\$ 26,613
Net Unrealized Gains	<u>22,723</u>
<b>Total Investment Return</b>	<u>\$ 49,336</u>

#### Note 6. Fair Value of Financial Instruments

Under the provisions of FASB ASC Topic, *Fair Value Measurements*, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

## **GIRL SCOUTS LOUISIANA EAST, INC.**

### **Notes to Financial Statements**

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#### **Note 6. Fair Value of Financial Instruments (Continued)**

This guidance establishes a *fair value hierarchy for inputs* used in measuring fair market value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical *assets or liabilities as of the reporting date*. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly, as of the reporting date.

Level 3 - Valuations based on inputs that are unobservable and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at December 31, 2010.

**Investments** - The fair value of investments is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the investment.

**Unconditional promises to give** - The fair value of contributions is equal to the carrying value for contributions expected to be collected within one year. Contributions expected to be collected in future periods are discounted to present value based on management's assumptions.

**GIRL SCOUTS LOUISIANA EAST, INC.****Notes to Financial Statements****Note 6. Fair Value of Financial Instruments (Continued)**

The valuation of the Council's assets are measured at fair value on a recurring basis at December 31, 2010 are as follows:

<b>Assets</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Net Balance</b>
Unconditional Promises to Give, Net	\$ -	\$ -	\$ 66,772	\$ 66,772
Mutual Fund	509,449	-	-	509,449
<b>Total</b>	<b>\$ 509,449</b>	<b>\$ -</b>	<b>\$ 66,772</b>	<b>\$ 576,221</b>

The changes in investments measured at fair value for which the Council has used Level 3 inputs to determine fair value are as follows:

<b>Assets</b>	<b>Level 3 Beginning Balance</b>	<b>Net Realized and Unrealized Losses</b>	<b>Net Payments and Gifts</b>	<b>Level 3 Ending Balance</b>
Unconditional Promises to Give	\$ 52,855	\$ 1,619	\$ 12,298	\$ 66,772
<b>Total</b>	<b>\$ 52,855</b>	<b>\$ 1,619</b>	<b>\$ 12,298</b>	<b>\$ 66,772</b>

**Note 7. Land, Buildings and Equipment**

Land, buildings and equipment consisted of the following at December 31, 2010:

<b>Land</b>	<b>\$ 968,845</b>
<b>Buildings and Improvements</b>	<b>4,310,455</b>
<b>Equipment</b>	
Machinery and Equipment	559,940
Furniture and Fixtures	629,169
Horses	19,883
Autos and Trucks	34,051
<b>Total Equipment</b>	<b>1,243,043</b>
<b>Total</b>	<b>6,522,343</b>
<b>Less: Accumulated Depreciation</b>	<b>(4,132,072)</b>
<b>Land, Buildings and Equipment, Net</b>	<b>\$ 2,390,271</b>

## **GIRL SCOUTS LOUISIANA EAST, INC.**

### **Notes to Financial Statements**

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#### **Note 7. Land, Buildings and Equipment (Continued)**

Depreciation expense for the year ended December 31, 2010 was \$164,559.

#### **Note 8. Release of Temporarily Restricted Net Assets**

During the year ended December 31, 2010, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows:

Funds Used for Capital Acquisitions	\$ 28,606
Funds Used for Girl Scout Operations	57,566
Funds Used for Outreach Programs	223,277
United Way Allocations and Grants	<u>88,764</u>
<b>Used for Specified Purposes</b>	<b><u>\$ 398,213</u></b>

#### **Note 9. Restricted Net Assets**

Permanently restricted net assets were restricted for the following purposes as of December 31, 2010:

Program Support:	
Morgan City Fund	<u>\$ 28,737</u>

Temporarily restricted net assets were restricted for the following purposes as of December 31, 2010:

Program Support:	
Operational Programs	\$ 111,849
Innovative Outreach	<u>49,956</u>
<b>Total Temporarily Restricted</b>	<b><u>\$ 161,805</u></b>

## GIRL SCOUTS LOUISIANA EAST, INC.

### Notes to Financial Statements

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#### Note 10. United Way Contributions

The Council received funding from several United Way Chapters during 2010 as follows:

Capital Area United Way	\$ 144,000
United Way of St. Charles Parish	38,230
United Way of St. John Parish	7,000
United Way of Tangipahoa Parish	9,001
Greater New Orleans United Way	7,286
Combined Federal Campaign	<u>3,215</u>
<b>Total</b>	<b><u>\$ 208,732</u></b>

#### Note 11. Retirement Plans

The Council participates in the National Girl Scout Council Retirement Plan, a noncontributory defined benefit pension plan sponsored by Girl Scouts of the United States of America which covers substantially all of the employees of various Girl Scout councils. Benefits are based on years of service and salary levels. The Council's pension expense and contributions to this plan for 2010 was \$108,610. The National Board of the Girl Scouts of the USA voted to freeze future benefits under the Plan effective July 31, 2010. Due to the nature of the plan, it is not practicable to determine the extent to which the assets of the plan cover the actuarially computed value of vested benefits for the Council as a stand-alone operation. *In addition, because the plan is considered a multiemployer plan, it is only subject to certain minimum reporting requirements of FASB ASC Section 715-80.* Due to unfavorable market conditions, as of January 1, 2010, the actuarial present value of accumulated plan benefits exceeded net plan assets available for plan benefits.

The Council also participates in a 401(k) Thrift Plan for employees of the Girl Scouts Louisiana East, Inc. For the year ended December 31, 2010 employer contributions totaled \$11,952.

#### Note 12. Lease Commitments

In 1985, the Council entered into a lease with the Public Belt Railroad Commission for the City of New Orleans, for the land used as a parking lot behind the Council's building. The lease expired on December 31, 2002 and was month-to-month during 2010. Rent expense incurred for the year ended December 31, 2010 was \$3,000.



## **GIRL SCOUTS LOUISIANA EAST, INC.**

### **Notes to Financial Statements**

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#### **Note 13. Concentrations**

The Council has a concentration of revenue generated by cookie sales. For the year ended December 31, 2010, 66.2% of total public support and revenue was realized from net cookie sales.

#### **Note 14. Concentration of Credit Risk**

The Council invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investments securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term.

#### **Note 15. Commitments and Contingencies**

The Council is subject to claims and legal proceedings that arise in the ordinary course of its business. Management believes that the Council's liability, if any, associated with such claims and/or legal proceedings would not significantly affect the Council's financial position or operating activities.

#### **Note 16. Uncertain Tax Positions**

On January 1, 2009, the Council adopted the provisions of the *Accounting for Uncertainty in Income Taxes* Topic of the FASB Accounting Standards Codification, which clarifies the accounting and recognition for income tax positions taken or expected to be taken in the Council's income tax returns. As a result of this adoption, The Council believes there was no impact to the financial statements and did not record any adjustment to the 2009 beginning balance of net assets on the statement of financial position.

All tax returns have been appropriately filed by the Council. The Council recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense. The Council's tax filings are subject to audit by various taxing authorities. The Council's open audit periods are 2007 through 2009. Management evaluated the Council's tax positions and concluded that the Council had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

**GIRL SCOUTS LOUISIANA EAST, INC.**

**Notes to Financial Statements**

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**Note 17. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 27, 2011, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Girl Scouts Louisiana East, Inc.

We have audited the financial statements of Girl Scouts Louisiana East Inc. (the Council) (a non-profit organization) as of and for the year ended December 31, 2010, and have issued our report thereon dated February 27, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Girl Scouts Louisiana East Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

As part of obtaining reasonable assurance about whether Girl Scouts Louisiana East Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

*Luteo, Sicut, Roriger & Luteo*

February 27, 2011